

## Telex Releases

“Telex release” is a historic term that remains in use today. The term originates from when bill of lading releases were sent using a teleprinter machine on a network called Telex. Although the “telex” fell out of use in the 1980s and was superseded firstly by fax and then by email the term is still used to release a bill of lading in lieu of an original copy.

An issue that can arise when there are problems in the supply chain is getting the bills of lading or other documents of title sent in time for collection. Whereas normally the receiving party would rely on the original documents of title to collect cargo, where there is delay in providing such documents, those involved can override this problem by effecting a telex release.

The release is a message from the consignor, or more usually their freight forwarder at origin, to the consignee, or more usually their freight forwarder at destination, releasing the goods to the consignee for collection without the need to present an original bill of lading. On the face of it this would appear to be inherently risky as the bill is an important document and the original nature of the bill is designed to avoid fraud as they are quite difficult to provide counterfeit copies of. This process should only be used when either the original bill or bills remain in the hands of the consignor or their agent, or they are in transit and being tracked. It is more risky when they have been sent, as documents in transit may be intercepted by would be fraudsters, although a courier service with tracking is usually fairly safe. Generally, the process of telex release is an effective way of overcoming delay in receipt of the original bills.

If you are acting as a non- vessel owning carrier (NVO) and issue your own house bills to your customers and the consignor’s agent effects a telex release to you and you seek release of the cargo for your customer, the line is likely to ask you to sign an indemnity in case of their being asked to release the cargo at a later date to someone presenting the original bills. This indemnity will not only cover the value of the cargo released under the telex release but also any legal costs and expenses arising. This is because the line have issued the original bill as a receipt of the cargo by them and a document of title to claim the goods at destination and being asked to rely on a telex release is outside their usual process and they do not want to bear the risk of anything going wrong if they do this.

This is when you need to seek approval from your insurers who may refuse to give it. If they do refuse, the indemnity will be uninsured and so you need to be very sure that the original bills will eventually find their way to you as otherwise under the indemnity you may have to pay not only the value of the goods released but also the legal costs and expenses of the line, which could be considerable if the bills were to fall into the wrong hands. Therefore, be sure you have done your due diligence on the consignor and their agent and that you are not dealing with unreliable parties.

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